

## German participation in the Three Seas Initiative: opportunities for Russia

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Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

### Empfohlene Zitierung / Suggested Citation:

Khorolskaya, M. V. (2022). German participation in the Three Seas Initiative: opportunities for Russia. *Baltic Region*, 14(2), 83-97. <https://doi.org/10.5922/2079-8555-2022-2-6>

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# GERMAN PARTICIPATION IN THE THREE SEAS INITIATIVE: OPPORTUNITIES FOR RUSSIA

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Received 12.01.2022  
doi: 10.5922/2079-8555-2022-2-6  
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*The Three Seas Initiative was launched in 2016 by the Polish and Croatian leaders to bridge the gap between Southeast, Central and Eastern Europe, on the one hand, and Western Europe, on the other. This article aims to show how German policy on the Three Seas Initiative has changed and what risks and opportunities it represents for Russia. The official data on the Three Seas Initiative was used to explore the specifics of the concept and the impact of its most promising projects on the Southeast, Central and Eastern European markets. The analysis of materials from German think tanks and the Ministry of Foreign Affairs was used to demonstrate the changes in Germany's attitude towards the Initiative. Although the participating countries have not received sufficient funding to fulfil all the ambitious goals of the Three Seas Initiative, some of its most promising projects could still diminish Russian role in the EU energy market. Since 2018, the Federal Republic of Germany has increased its participation in the Initiative, yet Berlin's growing focus on the concept should not be perceived critically since German participation could mitigate anti-Russian sentiment underlying the Three Seas Initiative. Moreover, ideas voiced by the members of the German Free Democratic Party, namely those concerning a joint hydrogen project with Russia to be run as a part of the Three Seas Initiative, deserve special attention.*

**Keywords:**

Three Seas Initiative, Central and Eastern Europe, Poland, Germany, Russia, natural gas, hydrogen

On September 26, 2021, Germany held regular parliamentary elections, during which the Social Democratic Party (*SPD, Sozialdemokratische Partei Deutschlands*) achieved unexpectedly high results. Russia just as the USSR before had high expectations about the Party because of so called *Ostpolitik* of Chancellor Willy Brandt. Yet, although the Social Democrats rely on Brandt's heritage, we cannot truly speak of turning back to the past. Historical conditions have changed — in 1970s, *Ostpolitik* and bilateral meetings between politicians from West Germany and the USSR were expected to provide rapprochement with all countries of the Warsaw Pact, but now Berlin's interaction with Moscow,

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**To cite this article:** Khorolskaya, M. V. 2022, German participation in the Three Seas Initiative: opportunities for Russia, *Balt. Reg.*, Vol. 14, no 2, p. 83–97. doi: 10.5922/2078-8555-2022-2-6.

otherwise, raises concerns in Central and Eastern European countries [1, p. 74]. In their policy paper, “Dialog — Vertrauen — Sicherheit”, detailing the policy towards Russia, the Social Democrats stated that relations with Moscow shall be incorporated into the European framework and that Berlin shall support the interests of its Eastern neighbors in the EU and NATO<sup>1</sup>. It seems that other centre-left and centre-right German parties share this view.

German attitude to the position of Central and Eastern European countries critical of Russia is bothering Moscow. As a long-term characteristic of Berlin’s foreign policy, it cannot be ignored. It is therefore important to assess German policy toward the “Three Seas Initiative” (3SI), which is considered by some analytics to be a Polish anti-Russian project. It is also critical to define how Germany could influence the Initiative and what prospects this might entail for Russia.

The Three Seas Initiative has attracted attention of some Russian scholars with the position of the informal leader of this forum, Poland, arousing particular interest. In their book, “Asymmetries of Regional Integration Projects of the 21<sup>st</sup> Century”, researchers from the Ural State University analyze both scientific and political Polish discourse on integration projects in Central and Eastern Europe [2]. In [3], Skvortsova argues that, for Warsaw, 3SI is a geopolitical rather than an economic project and demonstrates the importance Poland has placed on involving the United States in the Initiative. While some works published in Germany look at 3SI from a Euroscepticism perspective<sup>2</sup>, in 2021 a senior fellow of the Stiftung Wissenschaft und Politik, K.-O. Lang published a paper discussing Berlin’s gains from joining the Initiative [4].

Much research has been done on Russian-German relations. Basov, Belinskij, Vasilev, Maksimychev, Sokolov, and Pavlov have all demonstrated how significant cooperation between the two countries is for both Moscow and Berlin, at the same time drawing attention to a number of serious problems and the lack of conceptual strategy for the development of bilateral relations [5–15]. The European dimension of German foreign policy has been the focus of the papers by Timoshenkova and the book “EU Strategic Autonomy and Prospects for Cooperation with Russia” published by the Department for European Political Studies of the IMEMO RAS. These authors have pointed out that Berlin is striving to build its bilateral cooperation into the European framework [16–18]. Timofeev and Khorolskaya explore the approaches to relations with Russia practiced within the

<sup>1</sup> Dialog — Vertrauen — Sicherheit. Voraussetzungen und Impulse für eine zeitgemäße sozialdemokratische Entspannungspolitik. Beschluss der SPD-Bundestagsfraktion vom 09.10.2018, 2018, URL: <https://www.spdfraktion.de/system/files/documents/positions-papier-spdfraktion-dialog-vertrauen-sicherheit-20181009.pdf> (accessed 30.11.2021).

<sup>2</sup> Riedel, R. 2020, Analyse: Das «Intermarium» und die «Drei-Meere-Initiative» als Elemente des euroskeptischen Diskurses in Polen. URL: <https://www.bpb.de/internationales/europa/polen/analysen/303999/analyse-das-intermarium-und-die-drei-meere-initiative-als-elemente-des-euroskeptischen-diskurses-in-polen> (accessed 30.11.2021).

French-German tandem and conclude that while the positions of Berlin and Paris coincide on political issues, they diverge when it comes to economics affecting the interests of either of the countries [19]. In their paper, Salikov, Tarasov, and Urazbaev specifically analyze the Baltic vector of German foreign policy and show how it affects Berlin's relations with Moscow [20].

Belov claims that economic cooperation between Russia and Germany remains robust and is developing, political disagreements notwithstanding [21–23]. Another paper worth mentioning is the article “New Hydrogen Strategies of Germany and the EU: Prospects for Cooperation with Russia”. Its author concludes that while there are good chances for large-scale Russian-German cooperation in the production and transportation of hydrogen, as well as joint R&D in this field, Brussels could hamper this development [24, p. 74]. Some issues of economic cooperation are also discussed in research by Ivanova and the book “The Limits of German Leadership in Europe” [25; 26].

Two leading German think tanks, Deutsche Gesellschaft für Auswärtige Politik and Stiftung Wissenschaft und Politik, have also published on the current developments and prospects for Russian-German relations. Thus, Fischer and Meister analyze the differences between Berlin and Moscow and criticize Russian foreign policy [27–29]. Westphal, Zabanova, and Shagina point out to areas of possible energy cooperation between the two countries, including those in hydrogen production [30; 31].

Another study that needs mentioning is the report focusing on 3SI prepared by the Polish Economic Institute, “Building Closer Connections. The Three Seas Region as an Economic Area”. While lacking a critical approach, the report provides data essential for a better understanding of the issue [32].

Although there seems to be an abundance of literature surrounding the topic, the Initiative and its current development, its possible impact on the Russian Federation, the essence of undergoing projects, as well as Germany's participation in 3SI have so far lacked proper analysis.

The article purports to look at the German policy toward the Three Seas Initiative and identify the risks and opportunities that it could entail for Russia.

## **Background and the concept of the Three Seas Initiative**

The Three Seas Initiative was launched at the suggestion of the Polish President Andrzej Duda and the Croatian President Kolinda Grabar-Kitarović at the summit in Dubrovnik (Croatia) in 2016. The Initiative unites 12 countries<sup>3</sup>, of which 11 (except Austria) are former socialist states and current members of NATO.

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<sup>3</sup> Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

3SI is both an economic and political project. Its economic objective is to reduce the gap between the countries of Central and South-Eastern Europe, on the one hand, and Western Europe, on the other, by “expanding the existing cooperation in energy, transportation, digital communication and economic sectors”<sup>4</sup>.

The participating countries seek to overcome two problems. The first one is low productivity: the 12 countries take up 29 % of the EU’s territory, accommodate 25 % of its inhabitants, but produce only 19 % of its GDP [32, p. 4]. The second one is the fact that while historically established networks of infrastructure, transport, and energy communications go along the East-West axis, the North-South axis is underdeveloped.

The economic objectives of all 3SI participants are quite similar, but their political goals differ. As a geostrategic project, the Three Seas Initiative is deeply rooted in Poland. Its historic forerunner, attributed to a Polish nobleman Czartoryski, is the concept of “the Intermarium”, a confederation of countries located between the Baltic, Black and Adriatic seas. Some researchers have gone even further back and found roots of the Initiative in the time of the Jagiellonian dynasty, the “golden age” of Poland and Rzeczpospolita spanning the 15<sup>th</sup> and 16<sup>th</sup> centuries. The Intermarium reemerged on the Polish agenda around the beginning of the 20<sup>th</sup> century under Marshal Josef Piłsudski who believed that a Union or a Federation of peoples of Central and South-Eastern Europe would counterbalance Russia and Germany [2, p. 162–163]<sup>5</sup>.

While the current concept is fundamentally different from its historical predecessors, Poland seeks to increase its economic and political influence in the region using the Three Seas Initiative to become a major distributor of energy resources. As a secondary objective, Warsaw believes that the project should counter the influence of Moscow and help gain energy independence from Russia. The goal of such anti-Russian rhetoric lies partly in attracting US investment and US political support to the Initiative. For Poland, Washington is not just an economic partner, but also the only reliable guarantor of security under deteriorating relations with the Russian Federation. Polish sources emphasize that 3SI was a collaborative proposal put forward by the Polish (Central European Energy Partners) and American (Atlantic Council) think tanks<sup>6</sup>. Another Polish

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<sup>4</sup> The joint Statement on the Three Seas Initiative (the Dubrovnik Statement), 2016, Media sets in Voog, URL: [https://media.voog.com/0000/0046/4166/files/DUBROVNIK\\_deklaratsioon\\_2016.pdf](https://media.voog.com/0000/0046/4166/files/DUBROVNIK_deklaratsioon_2016.pdf) (accessed 08.12.2021).

<sup>5</sup> Riedel, R. 2020, Analyse: Das «Intermarium» und die «Drei-Meere-Initiative» als Elemente des euroskeptischen Diskurses in Polen, *Bundeszentrale für politische Bildung*, URL: <https://www.bpb.de/internationales/europa/polen/analysen/303999/analyse-das-intermarium-und-die-drei-meere-initiative-als-elemente-des-euroskeptischen-diskurses-in-polen> (accessed 08.12.2021).

<sup>6</sup> *Completing Europe: From the North-South Corridor to Energy, Transportation, and Telecommunications Union*, 2014, Washington, 83 p.

objective, albeit not an officially articulated one, is to reduce German influence in CEE and, possibly, in the long run, to create an alternative centre of influence in the EU.

The Baltic States and Romania support policies to reduce Russian influence in the region, but do not want to see Poland as the leader of Eastern Europe. They also reject the anti-German or anti-European orientation of the project.

Some countries also find the anti-Russian orientation of the Initiative unacceptable. For example, Hungary, Austria, and Croatia do not want their relations with Moscow to deteriorate and are not likely to favor Atlanticist rhetoric of the “Russian threat” in the military and non-military spheres [4].

Six summits have been organized under the Initiative. During the first summit, participating countries signed a declaration of economic cooperation in energy, transport and communications infrastructures. It was interesting that amongst the summit guests were representatives from China and the United States, as 3SI is of economic and political interest for both countries. Since the early 2000s, Washington has been paying special attention to CEE countries committed to traditional Atlanticism. After Brexit, CEE countries became die-hard supporters of the USA in the EU. It also helps that the Initiative’s infrastructure projects may contribute to increasing sales of American liquefied natural gas (LNG). Beijing considers the transport infrastructure of 3SI as a potential part of the One Belt One Road, which is further reinforced by the participation of all 3SI countries in the Chinese “16 + 1” Initiative.

The second summit in Warsaw saw the visit of the American President Donald Trump, a move enthusiastically supported by Poland. Participants of the summit approved the first list of projects and agreed to establish the Three Seas Initiative Business Forum<sup>7</sup>.

One of the objectives of the third 3SI summit was getting support from the EU. Among the distinguished guests were the President of the European Commission Jean-Claude Juncker, German Foreign Minister Heiko Maas and the US Secretary of Energy Rick Perry. The summit did help the Initiative by lifting accusations of Euroscepticism and of attempts to split the European Union, and European financial assistance has led to an increase in the number of major projects. As of 2018, Germany has become one of the partner countries participating in the projects.

In 2019, the Initiative established its own financial governing body. During the fourth summit in Ljubljana, the Polish and Romanian national banks announced the establishment of an investment fund with an initial capital of €500 million.

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<sup>7</sup> The joint Statement on the Three Seas Initiative (the Dubrovnik Statement), 2016, *Media sets in Voog*, URL: [https://media.voog.com/0000/0046/4166/files/DUBROVNIK\\_deklaratsioon\\_2016.pdf](https://media.voog.com/0000/0046/4166/files/DUBROVNIK_deklaratsioon_2016.pdf) (accessed 08.12.2021).

Estonia joined the fund during the fifth summit<sup>8</sup>; and in 2021, Bulgaria, as the host country of the sixth summit, announced that 9 countries pledged to contribute to the Three Seas Initiative Investment Fund<sup>9</sup>.

### **Three Seas Initiative projects**

Currently, Three Seas Initiative encompasses 90 projects, 49% of which are dedicated to the transport infrastructure, 37% — to the energy sector and 14% — to digitalization. Hungary and Croatia enjoy the largest number of projects (17), followed by Poland, Lithuania, Latvia with 12, 11 and 10 projects, respectively<sup>10</sup>.

Despite such ambitious plans, it seems unlikely that all projects will be completed, their main problem being the ever-lacking funds. Currently, all projects of the Initiative taken together are worth €180.9 billion, and only 53% of them are funded<sup>11</sup>. According to the IMF, the region needs €570 billion worth of investments for successful development<sup>12</sup>. The above-mentioned Investment Fund upped the budget to €1 billion by the end of 2020 and is working to increase it to 3–5 billion. The contribution of third countries is also insufficient. In 2020, the US Secretary of State Mike Pompeo pledged to invest \$1 billion in the program, while the US International Development Finance Corporation approved investments of \$300 million<sup>13</sup>. With China demonstrating relatively low interest and not rushing to invest in the Initiative, the EU money is still the main source of funding for 3SI<sup>14</sup>.

Within five years only two projects were completed, and both were exclusively Croatian national projects (Compressor station 1 at the Croatian gas transmission system and Rijeka — Zagreb Deep Sea Container Terminal). 15 projects are in the “Substantial Progress” category, “Activity Reported” on another 15, while 58 projects remain in the status of “Registered”.

Given the uncertain progress of most projects, let us consider the projects that have earned the “Substantial Progress” status badge (Table 1).

<sup>8</sup> Past Summits, 2020, *Three Seas Initiative (3SI)*, URL: <https://3seas.eu/about/past-summits> (accessed 08.12.2021).

<sup>9</sup> Bulgaria’s Vision 2020, *Three Seas Initiative (3SI)*, URL: <https://3seas.eu/about/bulgaria-s-vision> (accessed 08.12.2021).

<sup>10</sup> Status Report of 2021, 2021, *Three Seas Initiative (3SI)*, URL: <https://projects.3seas.eu/report> (accessed 08.12.2021).

<sup>11</sup> Status Report of 2021, 2021, *Three Seas Initiative (3SI)*, URL: <https://projects.3seas.eu/report> (accessed 09.12.2021).

<sup>12</sup> The Three Seas Initiative Investment Fund officially established, 2019, *Biuro prasowe BGK*, URL: <https://media.bgk.pl/61041-the-three-seas-initiative-investment-fund-officially-established> (accessed 09.12.2021).

<sup>13</sup> The Three Seas Initiative, 2021, *FAS Project on Government Secrecy (1991–2021)*, URL: <https://sgp.fas.org/crs/row/IF11547.pdf> (accessed 09.12.2021).

<sup>14</sup> Overall, in the period from 2014 to 2020, almost €80 billion were transferred from the EU funds to the 3SI region.

Table 1

## 3SI Projects with “Substantial Progress” label

Project	Type	Year registered	Participating countries	Cost and secured funding
BRUA. Development on the territory of Romania of the National Gas Transmission System along the corridor Bulgaria-Romania-Hungary-Austria (BRUA Phase 1 and 2); Enhancement of the bidirectional gas transmission corridor Bulgaria-Romania-Hungary-Austria (BRUA Phase 3); Development on the territory of Romania of the Southern Gas Transmission Corridor for taking over gas from the Black Sea shore (Black Sea-Podisor) Commissioning of the regional LNG terminal in Paldiski, Estonia	Energy	2018	Romania, Austria, Bulgaria, Hungary <sup>15</sup>	€1.455 billion <sup>16</sup> 43 %
Construction of the 2 <sup>nd</sup> railway track between Koper and Divača	Transport	2018	Estonia, Latvia Partner countries: Finland Slovenia, Austria, Czech Republic, Poland, Hungary, Slovakia Partner countries: Belarus, Germany, Russian Federation, Ukraine	€400 million 0 % €1.2 billion 87 %
Digital Platform on monitoring hydrographic bases in the 3SI region	Digital	2018	Romania, Austria, Czech Republic, Latvia, Bulgaria, Lithuania, Poland, Croatia, Estonia, Hungary, Slovakia, Slovenia Partner countries: Albania, Turkey, Ukraine, Moldova, Serbia	€2.5 million 0 %

<sup>15</sup> Countries proposing the project appear in bold.<sup>16</sup> The website information about 14.55 billion appears to be incorrect.



The end of table 1

Project	Type	Year registered	Participating countries	Cost and secured funding
Diversification of gas supply sources and integration of gas infrastructure in the Three Seas Region The Baltic Pipe — infrastructure connecting Poland with the Norwegian Continental Shelf through Denmark. Republic of Poland — Slovak Republic Interconnection. Republic of Poland — Ukraine interconnection. FSRU project near Gdańsk and LNG Terminal in Świnoujście Expansion Program	Energy	2018	Poland, Slovakia Partner countries: Denmark, Norway, Ukraine	€1.563 billion 100 %
FAIRway Danube. The elaboration of coordinated action plans for the implementation of the Master Plan for the Fairway Rehabilitation and Maintenance on the Danube River and its navigable tributaries	Transport	2018	Romania, Austria, Bulgaria, Croatia, Hungary, Slovakia	€21.72 million 100 %
GIPL. Interconnector Republic of Poland-Republic of Lithuania (submitted by Poland)	Energy	2018	Poland, Latvia, Lithuania, Estonia Partner countries: Finland	€21.72 million 100 %
GIPL. Interconnector Republic of Poland-Republic of Lithuania (submitted by Lithuania)	Energy	2018	Lithuania, Poland, Latvia, Estonia	136 million 100 %
Integration and synchronization of the Baltic States' electricity system with the European networks	Energy	2018	Latvia, Lithuania, Estonia, Poland	€1.625 billion 64 %

Purchase and Expanding of the FSRU INDEPENDENCE. Klaipėda LNG terminal	Energy	2018	Lithuania	€16 million 0%
Rail Baltica submitted by Lithuania	Transport	2018	Lithuania, Latvia, Poland, Estonia	€2.5 billion 16%
Rail-2-Sea Modernization and development of railway line Gdansk(PL) — Constanța (RO)	Transport	2018	Romania, Poland, Hungary, Slovakia	€13.83 billion 42.5%
SINCRO.GRID A smart grid project that enhances links between the electricity grids of the Republic of Slovenia and the Republic of Croatia	Energy	2018	Croatia, Slovenia	€88.6 million 51%
Transportation stock exchange in 3SI region	Transport	2018	Romania, Austria, Czech Republic, Latvia, Bulgaria, Lithuania, Poland, Croatia, Estonia, Hungary, Slovakia, Slovenia Partner countries: Albania, Turkey, Ukraine, Moldova, Serbia	€4.5 million 0%
Via Carpatia submitted by Romania Transport corridor between Northern and Southern Europe	Transport	2020	Romania, Bulgaria, Lithuania, Poland, Hungary, Slovakia Partner countries: Greece, Ukraine	€11.31 billion 85%

Source: Compiled by the author on the basis of<sup>17</sup>.

<sup>17</sup> Projects, 2021, *Three Seas Initiative*, URL: <https://projects.3seas.eu> (accessed 08.12.2021).

The two most expensive projects, both initiated by Romania, are Rail-2-Sea connected ports in Gdansk and Constanța and Via Carpatia between Northern and Southern Europe. However, only Via Carpatia has secured sufficient funding (85%). The railway track constructed between the port of Gdansk and the port of Constanta has been allocated only 42,5% of the total funds necessary. Other major transport infrastructure projects are the modernization of the railway network between the Baltic States and Poland, as well as the construction of the second railway track between the port city of Koper and Divača, an important Slovenian railway junction. These projects are designed to increase freight transport along the North-South axis, as well as to enhance the relevance of the port cities of Slovenia and Poland.

The most significant energy projects shall diversify gas supplies, and their completion will have a major impact on the regional situation. First, Poland will enhance its role as a gas distributor in Central and Eastern Europe (The Baltic Pipe, Poland — Slovakia Interconnection, Poland — Ukraine interconnection, FSRU project near Gdańsk and expansion LNG Terminal in Świnoujście). Second, the Baltic States and Finland will further integrate into the European energy market (GIPL, integration of the Baltic States' electricity system with the European networks). Finally, the supply of pipeline gas from Norway (The Baltic Pipe), Azerbaijan and Romania (BRUA), as well as LNG from the USA, Qatar and Norway (LNG Terminal in Świnoujście, LNG terminal in Paldiski) will be increased. All these factors may reduce Russian role as an energy supplier to the European market.

### **German participation in the Three Seas Initiative**

After the launch of the Initiative Germany mostly evaluated it in critical terms. Berlin was concerned with the position of Poland, which initially made no secret of its Eurosceptic views toward the Initiative<sup>18</sup>. Furthermore, Germany realized that by using 3SI Poland sought to limit not only Russian, but also German influence in the region.

With other participating countries having resisted Polish stance, Germany began to participate in 3SI summits at the insistence of the Czech Republic and the Baltic countries. However, Polish pushback still made Germany joining the Initiative unlikely.

Berlin has been gradually changing its position towards the Initiative. For one, Germany has been trying to contextualize 3SI as a concept aimed at strengthening European integration (through infrastructural development and joint energy projects); it has also been showcasing its interest in the Initiative. Thus, the Stiftung Wissenschaft und Politik, a think tank with close ties to the Office of the Federal Chancellor, has published an article calling for Germany to participate in energy and digital projects, and for the Kreditanstalt für Wiederaufbau state bank to join 3SI Investment Fund [4].

As shown in Table 2, Berlin's involvement in 3SI cannot be called extensive. As a partner country, Germany only participates in 4 projects, of which only one (Construction of the 2<sup>nd</sup> railway track between Koper and Divača) has been allocated sufficient funding and is listed under the "Substantial Progress" category.

<sup>18</sup> Riedel, R. 2020, Analyse: Das "Intermarium" und die "Drei-Meere-Initiative" als Elemente des euroskeptischen Diskurses in Polen, *Bundeszentrale für politische Bildung*, URL: <https://www.bpb.de/internationales/europa/polen/analysen/303999/analyse-das-intermarium-und-die-drei-meere-initiative-als-elemente-des-euroskeptischen-diskurses-in-polen> (accessed 08.12.2021).

Table 2

## Projects involving Germany

Project	Type	Main objectives	Year registered	Participating countries	Cost and allocated funding
Construction of the 2 <sup>nd</sup> railway track between Koper and Divača	Transport	Construction of the 2 <sup>nd</sup> railway track to assure capacity and reliability of traffic from/to Port of Koper	2018	Slovenia, Austria, Czech Republic, Poland, Hungary, Slovakia Partner countries: Belarus, Germany, Russian Federation, Ukraine	€1.2 billion 87 %
Development of High-Performance Computing (HPC) infrastructure, establishment and operation of HPC ecosystem in the CEE-n region	Digital	Project will substantively contribute to the competitiveness of Hungary and the region in the science, — including e.g health sciences, climate change modelling, etc. — innovative development, and high-tech fields	2020	Hungary, Austria, Czech Republic, Poland, Slovakia, Slovenia Partner countries: Italy, Germany	Estimated €50 million 0 %
Improvement of railway links between main Polish cities and neighboring countries	Transport	Improvement of rail connectivity for Poland, neighboring countries and other CEE countries. The Project will also advance military mobility capacity	2020	Poland, Czech Republic, Slovakia Partner countries: Germany, Ukraine	€22 billion 0 %
Interoperability solutions for a digitized and sustainable energy sector in the 3SI area in the field of energy storage	Energy, Digital	Defining and developing a Roadmap for the transition to a digitized and sustainable energy sector. Defining and creating an intelligent digital platform in the field of energy storage (electricity and natural gas) in the region 3SI	2018	Romania, Austria, Czech Republic, Bulgaria, Poland, Croatia, Hungary, Slovakia Partner countries: Germany, Sweden, Moldova	€10 million 0 %

Source: Compiled by the author on the basis of<sup>19</sup>.

In 2020, Germany joined another major project, the development of railway communication in Poland. The €22 billion initiative has not yet secured funding; however, significant monetary contributions from the EU are expected. The main goal of this project is to increase the volume of passenger and freight traffic in

<sup>19</sup> Projects 2021, *Three Seas Initiative*, URL: <https://projects.3seas.eu> (accessed 08.12.2021).

Poland and the CEE countries (Slovakia, Czech Republic). At the same time, it may present a concern for Russia that transport corridors (one of which extends to the Ukrainian border) could be used for military transportation.

A new round of German interest in 3SI is related to Nord Stream 2. Ukraine and USA criticized the pipeline across the Baltic Sea because it threatens to divert the transit of the Russian gas through Ukrainian territory. With Kyiv and Washington demonstrating their dissatisfaction, the German Chancellor Angela Merkel and the US President Joe Biden signed the “Joint Statement of the US and Germany on Support for Ukraine, European Energy Security, and our Climate Goals” at the meeting on July 21, 2021. By this document, German leadership reaffirmed their support to Kyiv, guaranteed uninterrupted transit of the Russian gas through the Urengoy-Pomary-Uzhgorod gas pipeline and took on an obligation to establish and manage a Green Foundation for Ukraine, designed to promote the shift to renewable sources energy. Following that, Naftogaz, Ukrainian national oil and gas company and RWE (Rheinisch-Westfälisches Elektrizitätswerk), a German multinational energy company, signed a memorandum of understanding on hydrogen<sup>20</sup>.

So as to reduce Polish criticism, Germany has promised to render financial support for 3SI projects on regional energy security and renewable energy sources, as well as to contribute to EU budget funding for energy projects in the sum of up to \$ 1.77 billion in the period 2021 – 2027<sup>21</sup>.

To further advance the process, the Free Democratic Party (FDP), currently part of the ruling coalition, has proposed a green energy development project that could become a link between Germany and 3SI countries, on the one hand, and Ukraine and Russia, on the other. In their request to the Bundestag in May 2021, the party noted the significant capacity that Ukraine and the countries involved in the Three Seas Initiative had to produce green and blue hydrogen. FDP suggested the possibility of using gas supplied from Russia for blue hydrogen<sup>22</sup>. This supported some conclusions about possible cooperation on hydrogen production with our country previously published by the German experts [30]. In April 2021, representatives of the Federal Ministry for Economic Affairs and Energy of Germany and the Ministry of Energy of the Russian Federation signed the “Joint Declaration of Intent on Sustainable Energy Cooperation”, which included, among others, hydrogen issue<sup>23</sup>.

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<sup>20</sup> Ukraine and Germany signed a memorandum of cooperation on the production of “green” hydrogen, URL: <https://day.kyiv.ua/ru/news/220821-ukraina-i-germaniya-podpisali-memorandum-o-sotrudnichestve-v-napravlenii-proizvodstva> (accessed 09.12.2021).

<sup>21</sup> Joint Statement of the US and Germany on Support for Ukraine, European Energy Security, and our Climate Goals, URL: <https://germania.diplo.de/ru-ru/aktuelles/-/2472194> (accessed 09.12.2021); Having intended to reduce Poland’s dissatisfaction with the lifting of US sanctions on the operator company Nord Stream-2, Germany supported 3SI in the Statement.

<sup>22</sup> Antrag. Wirtschaftliche Perspektive eröffnen, Energieversorgung sichern — Ukraine zum Partner einer Europäischen Wasserstoffunion machen. Deutscher Bundestag, URL: <https://dserver.bundestag.de/btd/19/294/1929426.pdf> (accessed 09.12.2021).

<sup>23</sup> Federal Ministry for Economic Affairs and Energy of Germany and the Ministry of Energy of the Russian Federation signed Joint Declaration of Intent on Sustainable Energy Cooperation, URL: <https://minenergo.gov.ru/node/20562> (accessed 09.12.2021).

The Three Seas Initiative is an ambitious but also a vague concept suffering from consistent lack of funding that reduces the likelihood of completing all of its projects. However, even those projects that are currently labelled as having “Substantial Progress” could diminish the role of Russia in the European energy market.

Russia has been traditionally concerned with German’s emphasis on the CEE countries, and it would seem that Moscow prefers bilateral cooperation. Another concern is that some of the former Eastern Bloc countries are spreading anti-Russian agenda and amplifying anti-Russian sentiment in Germany and the EU.

At the same time, we should take into account several important factors. Firstly, Berlin’s attention to the positions of its eastern neighbors appears to be not a temporary trend, but a stable factor in German foreign policy. Thus, Russia would be better off not complaining about Germany’s shift to multilateralism, but rather by adapting to the current reality. Secondly, German involvement in 3SI may soften the anti-Russian focus of this initiative. Berlin wants to take the position of a mediator between Russia and the West<sup>24</sup> and, therefore, does not seek to exacerbate our country’s concerns about increasing numbers of NATO troops stationed along the Russian border. Finally, Russia needs to pay close attention to Germany’s projects within the Initiative. While the cooperation between 3SI countries, Ukraine, and Russia in hydrogen energy seems undefined at the moment, and the development prospects of this energy source are unclear, with the possibility of transporting hydrogen through gas pipelines being controversial from a technological perspective, Russia still needs to be open to such initiatives and be prepared to partake in new projects. By participating in the production of hydrogen, Russia could reduce the risk of losing its positions as an important supplier of energy resources to the CEE countries, as well as that of being excluded from the energy transition.

## Acknowledgements

*The article was prepared within the project “Post-crisis world order: challenges and technologies, competition and cooperation” supported by the grant from the Ministry of Science and Higher Education of the Russian Federation program for research projects in priority areas of scientific and technological development (Agreement No 075-15-2020-783).*

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